

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
MCALLEN DIVISION**

IN RE: § **CASE NO.** 23-70170
MICHAEL KEITH CANO, §
DEBTOR § **CHAPTER 11**

**OBJECTION OF THE UNITED STATES TRUSTEE TO DEBTOR'S THIRD
AMENDED PLAN OF REORGANIZATION DATED MAY 10, 2024 [Docket No. 70]**

TO THE HONORABLE EDUARDO V. RODRIGUEZ
CHIEF UNITED STATES BANKRUPTCY JUDGE:

COMES NOW Kevin M. Epstein, the United States Trustee for Region 7 (the “U.S. Trustee”), by and through the undersigned counsel, and files this Objection to Debtor’s Third Amended Plan of Reorganization dated May 10, 2024 (the “Plan,” Docket No. 70) and in support thereof would respectfully show the Court the following:

1. The U.S. Trustee submits this objection to proposed confirmation of Debtor's Third Amended Plan of Reorganization because it does not comply with the requirements of 11 U.S.C. § 1129(a)(11), which states that the court shall confirm a plan only if: "Confirmation of the plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of the debtor or any successor to the debtor under the plan, unless such liquidation or reorganization is proposed in the plan."

2. In the most recent version presented by the Debtor, the proposed Third Amended Plan of Reorganization states “The Debtor shall obtain a \$400,000 gift from Rene Garza, Debtor’s brother in law, to reimburse Seer Labs, LLC or its principal for monies expended in an effort to purchase the property after it was posted for foreclosure, by the effective date of the plan or following confirmation of Debtor’s plan, as the Court elects or orders. Such funding is documented

in the treatment of secured creditors.” Docket No. 70, pg. 11. The Plan goes on to state that “Please see Mr. Garza contribution letter which affirmatively states that the \$400,000 contribution in favor of Debtor is a gift,” and includes a Declaration signed by Mr. Garza under penalty of perjury. *Id.*

3. However, according to counsel for the Debtor and upon information and belief, Mr. Garza has recently withdrawn his offer of financial support. Without Mr. Garza’s financial contribution, the Debtor’s Plan, as proposed, is no longer feasible and confirmation should be denied.

4. Further support for this position is found in Mr. Martinez’s recently filed *Motion to Withdraw as Counsel* [Docket No. 72, para 7], which states that “Counsel believes, upon information, that Debtor has an unconfirmable plan and has informed Client of the basis. Client insists on arguing for the plan or a modified plan at the June 17, 2024 hearing. Counsel argues against that approach and he has reached an *impasse* on this matter with Debtor.”

5. Without some alternative source of funding, the proposed resolution of the claim and litigation involving creditor Seer Labs, LLC cannot be satisfied making the Plan, as proposed, unfeasible and unconfirmable, therefore, it does not comply with section 1129(a)(11).

WHEREFORE, for the reasons above, the Court should deny confirmation of Debtor’s Third Amended Plan of Reorganization. The U.S. Trustee prays for any and all further relief as is equitable and just.

Dated: June 7, 2024

Respectfully submitted,

KEVIN M. EPSTEIN
UNITED STATES TRUSTEE – REGION 7
Southern and Western Districts of Texas

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CERTIFICATE OF SERVICE

I hereby certify that on the 7th day of June 2024, a true and correct copy of the foregoing OBJECTION OF THE UNITED STATES TRUSTEE TO DEBTOR'S THIRD AMENDED PLAN OF REORGANIZATION DATED MAY 10, 2024 [Docket No. 70], has been served via U.S. mail on the parties on the attached service list (not attached to mailing copies) as well as electronically through the Court's CM/ECF system to all parties requesting or receiving such notice.

/s/ Jeremy Shane Flannery
Jeremy Shane Flannery

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